



Announcement

Nicosia, 16 March 2020

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014.

Group Profile

The Bank of Cyprus Group is the leading banking and financial services group in Cyprus, providing a wide range of financial products and services which include retail and commercial banking, finance, factoring, investment banking, brokerage, fund management, private banking, life and general insurance. The Bank of Cyprus Group operates through a total of 108 branches in Cyprus, of which 11 operate as cash offices. Bank of Cyprus also has representative offices in Russia, Ukraine and China. The Bank of Cyprus Group employs 4,134 staff worldwide. At 30 September 2019, the Group's Total Assets amounted to €21.1 bn and Total Equity was €2.5 bn. The Bank of Cyprus Group comprises Bank of Cyprus Holdings Public Limited Company, its subsidiary Bank of Cyprus Public Company Limited and its subsidiaries.*

**The Bank of Cyprus Group employed 4,134 staff worldwide as at 30 September 2019. The number of staff has been reduced by c.470 employees following the completion of a voluntary staff exit plan in October 2019.*



Update on Coronavirus (COVID-19)

Following a request by the Cyprus Securities and Exchange Commission to issue an announcement regarding the potential financial impact that a possible outbreak of the COVID-19 in Cyprus may have on the business and operations of Bank of Cyprus Holdings Public Limited Company (“BOC Holdings” and, together with its subsidiaries, the “Group”), the Group would like to note the following.

In light of the recent outbreak of COVID-19 in Cyprus and the relevant measures announced by the government of Cyprus on 15 March 2020, the Group confirms that it is taking all appropriate measures, in line with guidelines and recommendations issued by the Ministry of Health, to guarantee service coverage for its customers while protecting the health of both customers and staff.

All branches of Bank of Cyprus Public Company Limited (the “Bank”) currently remain open. To the extent that the spread of the virus necessitates the closure of any branches, the Bank will inform the public through the press. Information about the operation of the Bank’s branches can be found on the Bank’s website: www.bankofcyprus.com.cy. Customers of the Bank are encouraged to carry out their daily banking transactions online via the Bank’s digital service channels, including the Bank’s internet banking platform (“1Bank”), its mobile banking application, the Call Centre and the ATMs.

The Group is closely monitoring developments and the effects of the impact of COVID-19 on the global economy. On the basis of currently available information, the Group is not in a position to assess the likelihood and/or magnitude of any future impact of COVID-19 on the Group’s operations, as this will mainly depend on the rate and extent of the spread of the virus, its direct and indirect impact on customers and measures taken to support the economy. Any prolonged outbreak of COVID-19, resulting in further weakening of the global bond markets, or further deterioration of the interest rate environment, or any impact on the wider Cypriot economy, is expected to have a negative impact on the Group’s financial results for the current year.

The Group notes the positive package of measures announced by the European Central Bank, the European Commission and the Cyprus Government which should help to support the European and Cypriot economy, as the impact of the virus becomes more apparent, and provide a degree of capital flexibility for the Group.

Update on NPE sale

Against the backdrop of market volatility arising out of the COVID-19 pandemic, the Group continues to work with its advisers towards the sale of a portfolio of NPEs. Due to prevailing market and operational conditions, this process may take longer than originally anticipated. In the context of expected credit losses under IFRS 9, the Bank expects to recognise additional provisions of c.€75 mn on the Group’s 4Q2019 financial results, with a negative capital impact of c.45 bps¹. On completion of an NPE trade, the Group’s capital ratios would benefit from a RWA reduction, subject to regulatory approval.

The Group continues to operate with significant surplus liquidity of €3.0 bn as at 30 September 2019. The Group’s CET1 ratio and Total capital ratio as at 30 September 2019 stood at 14.9% and 17.9% respectively, both pro forma for the disposal of the investment in CNP and the voluntary staff exit plan that was completed in 4Q2019, well above regulatory requirements.

For further information, please contact Investor Relations at investors@bankofcyprus.com.

¹ Based on the Group’s Financial Results for the nine months ended 30 September 2019.